



STATE OF VERMONT  
OFFICE OF THE STATE TREASURER

109 State Street, 4<sup>th</sup> Floor  
MONTPELIER, VERMONT 05609-6200  
802-828-2301  
[www.vermonttreasurer.gov](http://www.vermonttreasurer.gov)

**REQUEST FOR PROPOSAL**

**VERMONT STATE TEACHERS'**  
**RETIREMENT SYSTEM**  
**403(b) INVESTMENT PROGRAM**  
**3RD PARTY ADMINISTATOR**

DATE:	<b>June 9, 2008</b>
QUESTIONS DUE BY:	<b>June 16, 2008</b>
DATE OF BID OPENING:	<b>July 2, 2008</b>
TIME OF BID OPENING:	2:00 P.M.
LOCATION OF BID OPENING:	109 State Street, Montpelier, VT, 4 <sup>th</sup> Floor
CONTACT:	Donna Holden
TELEPHONE:	(802) 828-3708
E-MAIL:	<a href="mailto:Donna.Holden@state.vt.us">Donna.Holden@state.vt.us</a>
FAX:	(802) 828-2772



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## SEALED BID INSTRUCTIONS

All bids must be sealed and must be addressed to the Office of the State Treasurer, 109 State Street, 4<sup>th</sup> Floor, Montpelier, VT 05609-6200. **BID ENVELOPES MUST BE CLEARLY MARKED 'SEALED BID' AND SHOW THE PROPOSAL TITLE, OPENING DATE AND NAME OF BIDDER.**

All bidders are hereby notified that sealed bids must be in the Office of the State Treasurer by the time of the bid opening. Bidders are cautioned that it is their responsibility to originate the sending of bids in sufficient time to ensure receipt by the Office of the State Treasurer prior to the time of the bid opening. Hand-carried bids shall be delivered to a representative of the Office of the State Treasurer prior to the bid opening. Bids not in possession of the Office of the State Treasurer at the time of the bid opening will not be considered.

The Office of the State Treasurer may, for cause, change the date and/or time of the bid opening. If a change is made, the Office of the State Treasurer will make a reasonable effort to inform all bidders.

All bids will be publicly opened. Any interested party may attend the bid opening. Bid results may be requested in writing and are available once an award has been made.



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DATE: **June 9, 2008**

REQUEST FOR PROPOSAL

THIS IS A SEALED BID RESPONSE

BIDS MUST BE RECEIVED BY **July 2, 2008** at 2:00 P.M.

This form must be completed and submitted as part of the response for the bid to be considered valid. The undersigned has read, understood and accepted all provisions, terms and conditions of this proposal.

## VERMONT TAX CERTIFICATE

To meet the requirements of Vermont Statute 32 V.S.A. § 3113, by law, no agency of the State may enter into, extend or renew any contract for the provision of goods, services or real estate space with any person unless such person first certifies, under the pains and penalties of perjury, that he or she is in good standing with the Department of Taxes. A person is in good standing if no taxes are due, if the liability for any tax that may be due is on appeal, or if the person is in compliance with a payment plan approved by the Commissioner of Taxes, 32 V.S.A. § 3113.

In signing this bid, the bidder certifies under the pains and penalties of perjury that the company/individual is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont as of the date this statement is made.

Quotation Valid for \_\_\_\_\_ Days      Date: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Name of Company: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Federal Identification Number: \_\_\_\_\_

E-mail address: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Signature (Proposal Not Valid Unless Signed)

(Type or Print)

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# 1 OVERVIEW

The following subsections provide general information about the RFP.

## **1.1 Executive Summary**

The Vermont Office of the State Treasurer (“State”) is seeking to obtain proposals from combined third party administrators/record keepers and mutual funds investments providers for the VERMONT STATE TEACHERS' RETIREMENT SYSTEM Statewide 403(b) Investment Program (the “Program”). The Program is newly created and is to be introduced to Vermont school districts in the fall of 2008 with initial enrollments to commence effective January 1, 2009. Respondents may offer either proprietary or non-proprietary mutual fund investment options plus recordkeeping and administration as part of a service platform. School districts will continue to operate their respective 403(b) plans in conjunction with this 403(b) investment program.

Proposal specifications are set forth in Section 2, “Scope of Services.”

## **1.2 Program Rationale**

Because of changes to 403(b) plans deriving from the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) [and associated follow-on rulings], many school districts in Vermont wish to consolidate 403(b) investment options into several or even one offering in order to better manage compliance and fiduciary requirements. In response to this consolidation preference, legislation passed by the Vermont General Legislative Assembly in the most recent FY 2008 session 3 V.S.A. § 650 and 651 provides for a statewide 403(b) investment program to be made available to all Vermont School districts.

**Proposals in response to this RFP are due no later than 2:00 P.M. Eastern Time (ET) on July 2, 2008.**

## **1.3 Minimum Bidder Qualifications**

**The bidder must meet all of the following minimum qualifications to be given further consideration. Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal.**

- The bidder must demonstrate a history of providing the desired services with a minimum of five (5) years of experience.
- The bidder must currently be either (i) a third party administrator/recordkeeper and investments options provider or (ii) just a third party administrator/recordkeeper for at least three (3) public or private contributory group retirement savings and investments plans of similar scope.

## **1.4 Single Point of Contact**

The sole point of contact for questions and all other contractual matters relating to this RFP is:

Name: Donna Holden  
Title: Contracts Administrator

Vermont State Treasurer's Office  
109 State Street, 4<sup>th</sup> Floor  
Montpelier, Vermont 05609-6200  
Telephone: 802-828-3708  
FAX: 802-828-2772  
E-Mail: [Donna.Holden@state.vt.us](mailto:Donna.Holden@state.vt.us)

All e-mail communication with Ms. Holden must include the words "VSTRS 403(b) Administration RFP" in the subject line.

Bidder's proposals, due by 2:00 PM for bid opening on July 2, 2008, are to be delivered and marked to the attention of Donna Holden (see above).

*Attempts by bidders to contact any other party may result in the rejection of their proposal.*

### **1.5 Bidder Questions**

Questions must be submitted in writing until the date and time specified in Section 1, *RFP Timetable*.

E-mail is the preferred method of communicating questions. All e-mail communications with Ms. Holden must include the words "VSTRS 403(b) Administration RFP" in the subject line.

Response to questions will be posted to our Web site at [www.vermonttreasurer.gov](http://www.vermonttreasurer.gov). All questions submitted must include the name of the firm and the person submitting the questions.

### **1.6 RFP Timetable**

RELEASE DATE OF THE RFP:	June 9, 2008
QUESTIONS DUE BY:	June 16, 2008
ANSWERS TO QUESTIONS POSTED ON <a href="http://www.vermonttreasurer.gov">www.vermonttreasurer.gov</a>	June 23, 2008
ALL PROPOSALS MUST BE SUBMITTED NO LATER THAN 2:00 P.M. Eastern Time ON:	July 2, 2008

### **1.7 Attachments to RFP**

VSERS has provided the following information as attachments to the RFP:

- **Attachment A** – Standard Contract Provisions
- **Attachment B** – Cost Matrix

## 2 SCOPE OF SERVICES

### 2.1 General Information

The State of Vermont will establish a statewide Internal Revenue Code 403(b) Investment Program to be available for public school districts to offer to their teachers and support staff. The Investment Program will be open for enrollment effective January 1, 2009. The Vermont State Teachers' Retirement System (VSTRS) Board of Trustees will govern the administration of the program, with the assistance of a contracted third party administrator and investments options provider.

The State of Vermont has approximately 14,675 teachers and support staff in over 300 public schools, including 60 supervisory unions, eligible to participate in this Program. The 403(b) Investment Program will become effective January 1, 2009. However, contracting is expected to occur by September 1, 2008, to provide the Contractor sufficient time to develop and implement a thorough marketing plan.

Each eligible public school district will be required to develop a 403(b) Plan Document that describes the features of their adopted Plan. The successful bidder must be able to meet all of the allowable provisions of a 403(b) plan, as well as operate within the specific Plan design developed to be effective January 1, 2009 by each school district that elects to adopt the State's 403(b) Investment Program.

### 2.2 Services Requested

#### Investment Services

The State seeks to contract with a company that can provide complete mutual funds investments options, marketing, recordkeeping, enrollment and administrative support services for its 403(b) Investment Program to be offered to Vermont school districts' 403(b) plans

The State's objective is to offer an investment program with low fees and fully transparent costs. The State will consider programs with fully-disclosed administrative fees built into mutual fund expenses and will also consider funding administrative fees through participant paid percentage of assets charges or per participant fees. All fees must be borne by the Program; no subsidization of fees is available from non-participant sources.

Mutual fund investment options should be no-load (no up-front, back-end or level load fees) and should have expense ratios that are advantageous to the program participant. Revenue sharing and administrative support fees are acceptable provided that they are transparent and disclosed to participants.

The State wishes to consider proposals with one or more of the following two sets of investment options:

1. Investment options comprising approximately five low-cost index funds across equity and fixed income asset categories plus age based life-cycle funds; OR
2. Investment options that the bidder feels are superior. The bidder should provide rationales for the selections made.

Marketing, Enrollment and Customer Service

The Contractor shall market the Program to all eligible teachers and school district employees. Please describe how your firm will market the Program to over 400 school districts, including details of the methods you will utilize, i.e., field or telephone representatives, internet, other written media, etc.

Services to be performed are as follows:

- ☐ **The Contractor is mandated to conduct annual group regional meetings at various locations within the State.** The meetings should be held at different locations and at different times of the day to ensure that all interested employees are able to attend.
- ☐ **The Contractor must develop a working knowledge of the State Teachers' and the Vermont Municipal Employees' defined benefit retirement plans and coordinate and cooperate with the State's Retirement Division in explaining a participant's total retirement package.**
- ☐ **The preferred method of enrollment shall be with a Contractor representative and participants in one-on-one enrollment sessions.** All teachers and other school district employees are eligible to enroll in the Program if offered by their respective school district. Once offered, new members may enroll in the Program at any time; however, the enrollment application must be complete and a copy provided to the school business office.
- ☐ **The Contractor shall be required to assist employees with the completion of enrollment forms, verify the completeness of the forms, and coordinate the institution of salary deferrals with their school payroll offices.**
- ☐ **At a minimum, the Contractor must also be available to provide all aspects of enrollment support over the telephone.**
- ☐ **The Contractor must distribute enrollment packages: 1) on a regular basis to all participating employers, 2) at any educational meetings conducted by the Contractor, and 3) when requested by a participants from a participating school district.**

A supply of self-enrollment packages must be provided to each participating school district. Self-enrollment packages, prepared by the Contractor with the input and approval of the Teachers' Retirement Board, must contain all necessary information in a complete and concise manner so that an employee is able to enroll in the Program without having to contact an enrollment representative; however, should provide ample contact information and encouragement for the participant to talk with a representative.

- ☐ **The Contractor's centralized customer service center must be staffed to provide enrollment counseling to employees who wish to discuss Program participation over the telephone.** The Contractor shall assist employees with the completion of enrollment forms, verify the completeness of the form and coordinate the institution of salary deferrals with the employee's payroll office.
- ☐ **The Contractor's customer service center shall also be staffed to be able to counsel employees in enrollments, or general customer service, either in person or over the telephone.**



- **The Contractor must staff a toll-free customer service line that will provide benefit service representatives.** The benefit service representatives must be able to answer all participant questions about the Program, its features and operation received in writing or over the telephone. This would include providing information on the investments offered through the Program and their performance, which would be coordinated by the Contractor with the investment providers.
- **A toll-free telephone number must be available 24 hours a day with voice response capabilities. Voice response should be available for inquiries as well as transactions.** An adequate number of participant service representatives must also be available to provide service over the telephone during reasonable hours. Please note, it is required that service representatives must be available to provide services to employees without touchtone telephone service. In addition, handicapped accessible services must be made available to all employees.
- **The Contractor must be able to assist employees in all areas of their Program participation, including changing the amount of salary deferrals, making investment election changes or transfers, obtaining account balance information, initiating loans, hardship withdrawals or rollovers, if allowable by the specific Plan, and benefit payments.**
- **The Contractor shall also have the Program accessible on the Internet. The Contractor shall maintain a full-service secured, web site available to members and to provide the same functionality available by telephone.**

#### Communication Services to School Districts and Participants

The Contractor will be required to prepare, for the State's approval, an annual marketing plan. The initial plan should detail the approach that the Contractor will take in communicating the program to school districts and their employees. The plan should also include the Contractor's vision for contacting school districts and potential participants, by mail, over the telephone or in person, to evaluate their option to participate in the statewide 403(b) Investment Program. Future marketing plans should include the Contractor's plan for contacting existing participants, by mail, over the telephone or in person, to periodically re-evaluate their 403(b) Program participation, and a review of whether changes should be made to marketing the program. This plan should include a description of the communication materials to be prepared (including the self-enrollment package discussed earlier) and the frequency with which these materials will be distributed, and the method (i.e., statement stuffers, distributed at group educational meetings, left at employment locations and personnel offices, etc.). The Contractor will be required to print enough of the materials to ensure that there is an adequate supply of all materials.

In addition to a marketing plan, the State will rely on the Contractor for communications materials both in design, printing and, where necessary, mailing of all materials.

The Contractor should also provide additional materials including alternative communication methods such as on-line, internet access, etc. The description of any of these communication materials should be detailed and include information on how the Contractor will facilitate the delivery of additional and alternative communication materials. Please note that the Teachers' Board is particularly interested in receiving information on your company's ability to provide complete and comprehensive internet access.

The Contractor will also be required to provide a quarterly marketing report to the Vermont State Teachers' Board of Trustees at its regular meeting, and report quarterly on the status of the Program. This report shall include current data on the Program and participation levels as well as the status and resolution of any participant problems and developments in the delivery of 403(b) Program services.

Each respective quarterly report could include details such as Program assets under management, asset allocation by fund and comparative asset allocation, contribution allocations, contributions by source, participant overview and participant balance by fund over a rolling four quarters, number of funds per participant, single fund balances by age, asset distribution by age, average participant balance by age, participant account activity by type, distribution activity, voice response and Web site activity, major market indices and individual fund performance.

The reports should be delivered not later than twenty (20) days after the end of each quarter in the absence of unusual circumstances. The Contractor will present a report to the full Teachers' Retirement Board during a scheduled meeting at least once each year.

The Contractor shall be responsible for preparing and mailing via first class to each participant a quarterly detailed participant statement reflecting all activity for the period. Statements will be mailed no later than twenty (20) calendar days after each quarter end. The selected bidder should also have the capacity to offer on-line statements as an alternative to paper statements for those participants who so elect.

Supplemental services may be required by either plan on an as-needed basis. Please include an hourly rate for such assistance in your COST PROPOSAL.

#### Information Sharing Agreement

The Contractor must be willing to sign an Information Sharing Agreement (ISA) as required by the Internal Revenue Service with each school district that elects to offer the Vermont State Teachers' 403(b) Investment Program.

#### Recordkeeping

The Contractor will be required to maintain records associated with a participant's account including, but not limited to, contributions, earnings, administrative costs, salary deferral authorization, address, beneficiary designation and any other information necessary for the proper administration of a participant's account.

The Contractor will be expected to keep records for any and all investment options offered through the Program.

The Contractor will also be required to make changes to investment elections and effect transfers of existing account balances. The selected bidder will be responsible for mailing confirmations to participants of all transactions initiated via Contractor Telephone Service within three (3) calendar days of the transaction. Daily audit and reconciliation of participant accounts is required.

#### Distributions

The Contractor selected will be required to assist employees who are taking a distribution under the Program. Distributions may include a loan, hardship withdrawal, termination of employment and retirement. The Contractor must be able to advise participants of the payment options available under the Program. These payment options include lump sum, systematic withdrawals and annuity payments.

The Contractor will be required to provide the current payment options. For lump sum payments the Contractor must be able to make an electronic transfer of funds. The Contractor must also be able to provide direct deposit for systematic payments.

The Contractor must be able to assist participants in making election of deferred payment and contact participants when payments must commence under the Program. The Contractor must handle all tax withholding and reporting.

The Contractor must be able to assist participants in making election of deferred payment and contact participants when payments must commence under the Program. The Contractor must handle all tax withholding and reporting.

### Rollovers

The Contractor shall be able to accommodate rollovers into and out of the 403(b) Program consistent with EGTRRA and the participating school's Plan Document. The Contractor shall be able to provide counsel on the advantages and/or disadvantages of allowing rollovers into and out of the Program.

### Costs of the Plan

The Contractor will be required to deduct Program administration fees from participants' accounts through either percentage of assets charges or per participant fees. Alternatively, revenue sharing with mutual funds providers may be the basis for all or some of the administrative fees. All fees, whether deducted from participant accounts or collected through revenue sharing, must be fully transparent and disclosed to the State and to Investment Program participants. All mutual fund fees will be deducted before the calculation of daily values by the investment companies. The administrative costs will include an amount that will cover your company's fees as well as a limited amount to cover the costs of the Teachers' Retirement Board's oversight and support services.

Please indicate your company's ability to collect the required fee from the participant's account, remit it to the State and invoice the State for your administrative fees. Please indicate if the type of fee collected (asset based versus flat per participant fee) will have any impact on your proposed fee and also indicate the impact.

If proposed administrative fees are payable by the State on either a percentage of assets or per participant basis, the Contractor will be required to enter into arrangements, on the State's behalf, with the various mutual fund companies to receive revenue sharing payments. Any revenue sharing payments received by the Contractor would need to be collected by your company and either returned to the State or be the basis for your firm's compensation. Indicate whether your company is a broker/dealer and licensed to accept these payments. Payments include administrative/record keeping support fees, revenue sharing and 12(b)(1) charges.

Bidders should quote the cost for their services on whatever fee for service arrangement is most expedient for the State, contractor and Investment Program participants. The fees quoted must be provided on a not-to-exceed basis. It should also be understood that the Teachers' Retirement Board may, after reviewing proposals, ask bidders to resubmit fees in an alternative format.

### Program Compliance

The Contractor selected will be expected to be responsible for and assist in various Program compliance issues. The State may require assistance in drafting any necessary program document(s), and may require periodic assistance in updating or amending the documents as needed. The selected bidder will also be required to provide trust services for Program assets.

### Compliance with Federal Law

The winning contractor will be required to at all times operate the investment program in compliance with the requirements of Internal Revenue Code (IRC) 403(b), related regulations and other applicable provisions of federal law.

In particular, the winning contractor will be required to comply with the information sharing requirements of the IRC 403(b) regulations. The winning contractor will be required to enter into Information Sharing Agreements with each participating employer. These agreements must be in place by January 1, 2009, and will require the contractor and the employer to share certain employee and plan information to determine whether a participant is eligible for a distribution, a loan or a hardship withdrawal from the contract. Therefore, Contractor will be expected to enter into information sharing agreements complying with IRC 403(b) regulations with all participating employers.

Further, Contractor shall inform the State and participating employers about changes to federal law affecting 403(b) plans and take steps to assure ongoing compliance with those laws.

### **3 PROCUREMENT AND CONTRACTUAL ADMINISTRATION**

The following subsections discuss the administrative and contractual requirements that pertain to this procurement.

#### ***3.1 Bidding and Contractual Requirements***

The State of Vermont reserves the right to obtain clarification or additional information necessary to properly evaluate a proposal. Bidders may be asked to give a verbal presentation. Failure of bidder to respond to a request for additional information or clarification could result in rejection of that bidder's proposal. The State reserves the right to accept or reject any and all bids, in whole or in part, with or without cause. The State reserves the right to make an award without further discussion of the proposal submitted. The State does not guarantee that an award will be made as a result of this RFP.

##### ***3.1.1 Incurred Expenses***

The cost of developing and submitting the proposal is entirely the responsibility of the bidder. This includes costs to determine the nature of this engagement, preparation of the proposal, submitting the proposal, negotiating for the contract, and other costs associated with this RFP.

##### ***3.1.2 Public Records and Bidder Proprietary Information***

All responses will become the property of the State of Vermont and will be a matter of public record. Pursuant to Title 1 §317 (15), public records requests for information regarding this RFP will not be acted upon pending contract negotiations, and until a signed contract has been recorded by the State.

##### ***3.1.3 Member Confidentiality***

The State wants to assure the confidentiality of its members' and retirees' records. Therefore, each bidder shall be required to execute a Corporate Agreement of Confidentiality in order to submit a proposal in response to this RFP (see Attachment B). In the event that the bidder is selected to perform services, all bidder staff members assigned to the contract in any capacity will be required to sign statements of confidentiality.

##### ***3.1.4 Pricing***

The bidder must be aware the State wants the most effective combination of price, performance, and quality possible within the constraints of their budget. Pricing must include all expenses. There may be no best and final offer procedure. Therefore, the proposal shall be submitted on the most favorable terms that the bidder can provide.

##### ***3.1.5 Subcontracting***

The State of Vermont will only enter into contracts with the primary contractor, and the State must approve any subcontractor contract in writing (See ATTACHMENT A, sub-Attachment C #13). The selected bidder must assume responsibility for subcontractor performance and payment. Subcontractors must abide by all conditions set forth in the contract with the primary contractor. The successful bidder will be expected to execute sub agreements for each subcontractor named in the proposal upon award of this contract. The bidder must provide a brief description in the cost proposal in regard to the basis for selecting each subcontractor (low bid, competitive negotiation, technical capabilities, etc.). The bidder must provide subcontractor cost estimates in the bidder's cost proposal.

##### ***3.1.6 Doing Business in Vermont***

The bidder awarded this contract shall, upon notification of award, apply for registration with the Vermont Secretary of State's Office to do business in the State of Vermont, if not already so registered. The registration form may be obtained from the Vermont Secretary of State, Redstone Building, 26

Terrace Street, Drawer 09, Montpelier, VT 05609-1101. The telephone number is (802) 828-2386. The Treasurer's Office will not execute the contract until the bidder is registered with the Secretary of State's Office.

Bidders are responsible for complying with all statutory provisions applicable to doing business in the State of Vermont (see above and Attachment A), attached to this RFP, which is required to execute after the specific details of the transaction have been inserted. Any objections, or requested changes to the standard form language must be provided with the bid, or they shall be waived by the bidder.

### ***3.1.7 Minority Business Enterprises***

The State of Vermont recognizes the important contribution and vital impact that small businesses have on the state's economy. In this regard, the state subscribes to a free and open bidding process that affords all businesses equal access and opportunity to compete for state contracts for goods and services. The state also recognizes the existence of businesses owned by minorities and women and has directed all state agencies and departments to make a good faith effort to encourage these firms to compete for state contracts.

### ***3.1.8 Duration of Proposal Offer***

Proposals submitted in response to this RFP are irrevocable for 120 days following the closing date of proposals. This period may be extended at the request of the State, and with the bidders' written approval.

### ***3.1.9 Revisions to the Solicitation***

The State reserves the right to modify requirements should a bidder inquiry identify a change that is in the best interest of State. Such modifications (or amendments) to the RFP will be posted to the Treasurer's Web site at [www.vermonttreasurer.gov](http://www.vermonttreasurer.gov) and will not be distributed through any other means. It is the bidder's responsibility to check the Web site for such changes.

### ***3.1.10 General Conditions***

The general conditions and specifications of the RFP, the successful bidder's response/proposal, all questions and answers, and all RFP amendments (if any) will become part of the contract by reference.

The bidder is expected to respond with due diligence by providing the requested information in the designated manner. Bidders failing to respond to this RFP as prescribed will place themselves at a comparative disadvantage or will be subject to disqualification at the discretion of the State.

### ***3.1.11 Contract Duration***

The successful bidder to this RFP can expect a contract with the State (see sample contract Attachment A), for a term of two years with two one-year extensions.

The contract must be subject to termination prior to the expiration without cause. Any expected up-front costs must be identified. The State is willing to consider payment of unamortized up-front costs in the event of termination of the contract before the end of the initial two-year contract term by the State for reasons other than for cause. The schedule under which your company will determine the unamortized up-front costs must be provided. If the State terminates the contract for cause, the State may, at its discretion, require monetary damages. The terms and extent of these damages will be negotiated with the finalist. The company must provide a provision that the contract may be terminated upon thirty (30) days written notice. Your company's proposal will be included as part of the contract.

Transition Responsibilities Upon Termination: Upon termination of its contract, the Contractor shall fully cooperate with the State and its representatives in an orderly transfer of administrative

responsibilities and records to the State or its representatives. In the event that the State elects not to renew its contract at the end of its term, or otherwise terminates the contract for cause or convenience, the Contractor agrees to fully cooperate in the transition to the new contractor.

In the event the State elects to contract with a new Contractor, your company will fully cooperate with the State and the new Contractor in making the transition. Your company will provide all necessary documents and computer files and generally assist the new Contractor and the State in learning the content of such documents and files, or otherwise as will be mutually agreed upon. Contractor's responsibility to cooperate shall continue beyond the term of the contract, if necessary to assure a complete and accurate transition to the new contractor.

The successful bidder will be required to execute the State's standard contract after the specific details of the transaction have been inserted. Any objections, or requested changes to the standard form language must be provided with the bid, or they shall be waived by the bidder. Any additional contract language sought by the bidder must be provided with the bid, or such language requests shall be waived by the bidder. Any bidder seeking changes to the State standard form contract, or to add additional language to the contract, must state whether the request is a requirement of their bid, or simply a request for the State's consideration. In the event the State determines that an otherwise apparent winning bidder's requirements are unacceptable, it may handle the bid in the manner it deems most appropriate, including but not limited to rejecting the bid as not complying with this RFP. Bidders should be aware that the State of Vermont rarely accepts amendments to its standard form contract.

The State reserves the right to award by item, part or portion of an item, group of items or total proposal, to reject any and all proposals in whole or in part, if, the best interest of the State will be so served. In determination of awards, the qualification of the bidder, the conformity with the specifications of services to be supplied and the delivery terms will be considered.

### **3.2 Bidder Questions**

Questions must be submitted in writing until the date and time specified in Section 1, *RFP Timetable*.

E-mail is the preferred method of communicating questions. All e-mail communications with Ms. Holden must include the words "VSTRS 403(b) Administration RFP" in the subject line.

Response to questions will be posted to our Web site at [www.vermonttreasurer.gov](http://www.vermonttreasurer.gov), as described in Sections 1.5 and 1.6. All questions submitted must include the name of the firm and the person submitting the questions.

## 4 PROPOSAL PREPARATION

This section sets forth the format that must be followed by bidders in developing their proposals in response to this RFP. The instructions provided and format requested for bidder proposals are designed to ensure a clear and complete understanding and comprehensive evaluation of each proposal. There is no intent to limit the content of the proposals or to inhibit a presentation in other than the bidder's favor.

### **4.1 Proposal Acceptance**

The bidder is encouraged to include additional information or data as may be appropriate or to offer alternate solutions. However, the bidder should not exclude from its proposal any portion requested in this document. Proposals that vary materially from this prescribed format may be judged non-compliant and withdrawn from consideration. The bidder should also list any potential conflicts of interest including an explanation.

The bidder must understand that the State will view the degree of compliance with this section as an indication of the degree of cooperation to be expected from the bidder in working with the State after contract award.

#### ***4.1.1 Proposal Packaging and Required Copies***

Cost Proposals must be packaged separately from Technical Proposals and sealed in a separate envelope, so labeled.

Bidders must submit five (5) bound copies of their technical proposal and cost proposal, each packaged separately, as well as one (1) CD-ROM containing the appropriate Microsoft Word 2000, Excel 2000, and Project 2003 files to comprise a full proposal set. We point out that the requirement for separate Cost Proposals actually doubles the above numbers.

In addition, the bidder must provide one unbound master copy of the technical proposal and one unbound master copy of the cost proposal, each packaged separately.

The information in the table provided below must appear on the title page of each copy of each proposal, and on the outside of the packages in which they are shipped (if proposals are shipped by overnight courier, the title sheet may be affixed to the package inside the courier's packaging material):

**Contents of Response Cover Page**

RFP title:	VERMONT STATE TEACHERS' RETIREMENT SYSTEM 403(b) Investment Program 3rd Party Administrator
RFP section:	Technical or Cost
<b><i>Closing date and time for submission of proposals: July 2, 2008 at 2:00 pm.</i></b>	
Name, address, e-mail, and (voice) telephone number of firm submitting proposal	

Proposals must be addressed for this RFP to the point of contact identified in Section 1, *Single Point of Contact*.

Bidders are to organize their proposals into five parts with a cover letter and other administrative information as follows:



Part I – Administrative	Cover page Cover Letter as described below Tax Certificate Table of Contents
Part II	Bidder Information
Part III	Technical Approach
Part IV	Bidder References
Part V (to be packaged separately)	Cost

## **4.2 Bidder's Proposal Part I -Administrative Section**

In addition to the cover page and table of contents, the items that need to appear in the Administrative Section of the proposal are described below.

### **4.2.1 Cover Letter**

The response should contain a cover letter and introduction, including: the company name and address, and the name, e-mail address, and telephone number of the person or persons authorized to represent the respondent regarding all matters related to the response. The cover letter must contain the following statement:

*"We have read the State's Request for Proposals (RFP) for VERMONT STATE TEACHERS' RETIREMENT SYSTEM 403(b) Investment Program 3rd Party Administrator and fully understand its intent. We certify that we have adequate personnel, equipment, and facilities to provide the State's requested services that we have indicated we can meet. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the Office of the State Treasurer."*

A person authorized to bind the firm to all commitments made in its response shall sign this letter.

In addition, the cover letter must certify that:

- The response is genuine, and is not collusive or a sham.
- The response is not made in the interest of or on the behalf of any person not named therein.
- The bidder has not directly or indirectly induced or solicited any person to submit a false or sham response or to refrain from submitting a proposal.
- The bidder has not in any manner sought by collusion to secure an advantage over any other respondent.
- The bidder has thoroughly examined the RFP requirements, and the proposed fees cover all the services that the State has requested.
- The bidder acknowledges and accepts all terms and conditions included in the RFP.
- The bidder agrees to provide services in a manner acceptable to the State, and as stipulated in the RFP and subsequent contract.
- The bidder and key professionals do not have or anticipate a potential conflict of interest with the Office of the State Treasurer or the Boards of Trustees of the three retirement systems.
- The bidder and key professionals do not accept fees and derive no benefit from relationships with any persons involved in the RFP.
- The bidder has completed and submitted, with the RFP response, the Vermont Tax Certificate, provided in this RFP.
- The bidder has submitted financial information. Publicly owned businesses agree to provide their most recent annual report, current balance and income statement, and D&B report. Privately

owned businesses agree to provide company financials. Proprietary and/or confidential materials must be marked accordingly.

- That the company will agree to indemnify, defend and hold harmless the State, the Program and all officers, employees and agents against any claim for damages caused by any breach, act or omission of the company, its officers, agents, employees or subcontractors.
- That neither the company nor its agents shall use information obtained under the Program to directly solicit participants with respect to any product of said company not part of the 403 (b) Investment Program.
- That the use of any written or visual communication materials, including participant statements, or changes to materials being used must be approved by the State in advance.
- That all information concerning the Program and participants is the sole property of the State and that information will remain confidential and will not be used or transmitted to others for any purposes whatsoever, except as required to conduct Program operations.
- That any participant complaints not resolved within 30 working days will be brought to the attention of the State.
- That a representative of the company will attend quarterly Vermont State Teachers' Retirement Board of Trustees meetings if requested and be prepared to report on the current status of the Program and its activities as handled by the company.
- That the State auditors or its independent contracted auditor will have access to all pertinent financial records, individual account balance records and information concerning the State's Program and that this access will be provided on a timely basis. All records relating to the State's Program must be available for inspection for three years or until all audits are complete, whichever is later.

#### **4.2.2 Tax Certificate**

This certificate appears on page 3 of this RFP and must be completed and submitted with the response to the RFP.

The following subsections describe the required content of the bidder's proposal.

### **4.3 Bidder's Proposal – Part II Bidder Information and Technical Approach**

This part of the bidder's proposal shall address the following:

*Section 1 – Summary/Overview.* This should include a statement in the bidder's own words of the overall nature of the services requested in this RFP and a narrative of how it will provide the requested services identified in the RFP. The narrative should address all services outlined in the "Scope of Services" and should be prepared simply and economically, providing a straightforward and concise description of the bidder's philosophy, services and qualifications.

*Section 2 – Questions.* Please provide a full but concise response to the following questions.

#### **4.3.1 General**

1. Fully identify exceptions to the terms and conditions outlined in this RFP. If you are unable to provide any of the specific services outlined in the scope of services for which you are bidding, fully identify them. Affirmatively confirm that your company meets the applicable minimum criteria indicated in this RFP.

2. State the name and address of your company. Provide the name, title, address and telephone and fax numbers of the contact person from your company whom the consultant should contact with questions regarding your response.
3. Give a brief history of your company.
  - a. Supply audited financial statements for the three most recently closed fiscal years.
  - b. Indicate your firm's fiduciary classification: bank, insurance company, registered investment advisor, fiduciary affiliate, other (specify).
  - c. Indicate the month and year of SEC 1940 Investment Company Act registration and the month and year of commencement of providing subject services to clients.
4. If your company is a subsidiary or affiliate of another company, please give full disclosure of all direct or indirect ownership and type of relationship with affiliate companies and disclose joint ventures. If your firm is a subsidiary or an affiliate, please disclose the percentage of consolidated revenues generated by your firm. Also, describe the ownership of the firm including: percent owned by current active employees and number of employees participating in ownership.
5. Disclose the percent of total revenue derived from providing the type of services solicited herein (administration of contributory, participant-directed retirement plans) and the percent of revenues derived from each other principal business.
6. If the package of services being quoted is provided under a joint venture arrangement, describe the arrangement, its terms and conditions and whether your company and the other companies have been involved in similar joint ventures in the past.
7. Please provide an organizational chart for:
  - a. professional staff; and
  - b. corporate organization including parent, subsidiaries, affiliates, joint ventures and sub-advisories.
8. Provide the location and functions of each of your firm's offices (please exclude pure sales/branch offices) in the following format:

<u>Location</u>	<u>Function(s)</u>	<u>No. of Professionals</u>
-----------------	--------------------	-----------------------------
9. Indicate whether any services will be subcontracted to another company and fully describe these services and the stability, background and qualifications of the company that will provide the services, including that company's audited financial statements for the last 3 years.
10. Describe any pending agreements to merge or sell your company or any near term changes to the firm's corporate or organizational structure.
11. Describe the levels (dollar amounts) of coverage for SEC required (17g-1) fidelity bonds, errors and omissions coverage and any other fiduciary coverage which your firm carries. List the insurance carriers supplying the coverage.
12. Discuss the overall business objectives of your firm with respect to future growth. Please comment on any present planned areas of emphasis in the near future, and on any areas of planned contraction.

13. Provide a detailed summary of your firm's compliance process. Does your firm maintain a code of ethics? If so, please attach to your response.
14. Please provide a detailed summary of your firm's internal control structure. Does the firm conduct periodic risk assessments? Provide a copy of your firm's ADV parts I and II and SAS 70 if applicable, or other internal control review documentation (preferably prepared by a third party).
15. Describe your business continuity/disaster recovery systems including:
  - a. Type of back-up facility for all primary systems used in providing the subject services to the State;
  - b. If back-up systems are provided by a third party, state the contractual guarantees for their services;
  - c. In the event of a disaster that disables all primary and back-up systems, state whether your firm has a recovery capability;
  - d. Describe the length of time and the procedures used to recreate one day's activity;
  - e. Describe plans in place to ensure communications with clients in the event of a disaster;
  - f. State how often the disaster recovery plan is tested and if there is an annual report; describe the results or include a copy of findings; and
  - g. During the last three tests, state how long it took to switch over to the recovery site and include test dates.
16. Has your company ever filed a petition for or has your company been petitioned into bankruptcy or insolvency, or has your company ever made any assignment for the benefit of your creditors? If so, provide complete details.
17. Has your company been involved in litigation in the last five years or is there any pending litigation arising out of your performance or participation in a defined contribution plan? If so, describe. Exclude routine interpleader actions, garnishments and similar routine matters involving participants and beneficiaries that do not reflect on your performance of your contract.
18. Has your company been cited or threatened with citation within the last five years by any federal or any state regulators for violations of any state or federal law and impending regulations? If your answer is yes, describe fully.
19. In the last five years, has your company had a contract terminated by a client for cause? If so, by whom and under what circumstances? Provide the name and telephone number of each client that has terminated your company's services.
20. In the last five years, has your company had a contract non-renewed by a client? If so, by whom? Provide the name and telephone number of each client that has non-renewed your company's services.
21. Is your company licensed to conduct business in the State of Vermont? If not, attach an opinion of counsel giving his or her opinion as to whether he or she anticipates any difficulties in obtaining all necessary licenses prior to the effective date of the contract. Do all your products and services comply with all federal and State of Vermont regulations? If not, specify. Is your company licensed in all states? If not, specify what states your company is not licensed to conduct business in.

22. In the past five years, has your company been denied a license to do business, a license as an agent or broker, or any other insurance license? If so, state the date of the denial, the license denied, the state in which the license was denied, the reason given for denial of the license, whether your company has had a bona fide change of ownership or management since your company license was denied, and whether your company has eliminated the cause for which the license was denied.
23. In the past five years, has your company had a license to do business, an agent/broker license, or any other insurance license revoked or suspended? Has your company ever been reprimanded by a licensing agency? If so, describe fully.
24. From what location would these accounts be serviced?
25. Who would be the State's day-to-day contact?
26. Provide the names and biographies of key staff who would be assigned to the State's account.
27. For how many clients does your company currently provide the requested services? As of 12/31/07 provide the following information:

<b>Plan Size</b>	<b>All Defined Contribution Plans<sup>1</sup></b>	<b>All Governmental Defined Contribution Plans</b>	<b>Governmental 401(a) Plans</b>
Under 100 participants			
100-500 participants			
500-999 participants			
1000 to 4,999 participants			
Above 5,000 participants			
<b>Total</b>			

<sup>1</sup> Defined contribution includes 457, 403(b) and 401(k) plans.

#### **4.3.2 Participant Communication Services**

1. Describe five recent situations in which your company has conducted the participant communication for a newly established elective deferred compensation program. Fully describe the communications approach and methods used.
2. Fully describe how your company intends to educate eligible school districts regarding all aspects of the Investment Program and present all necessary information in an accurate and clear manner and fully disclose to each employee all costs and plan features, both positive and negative.
3. Describe what materials you would provide and how you would train employees to conduct enrollments. Provide relevant samples of all materials, including training and resource manuals. Describe any licensing requirements you would impose.

#### **4.3.3 Recordkeeping Services**

1. Describe your company's recordkeeping system:
  - a) How long has your system been in existence?
  - b) Was the system initially purchased from an outside vendor? If so, from whom?

- c) If your system was not purchased, when was it first put into place and last updated?
2. Does your organization charge clients for system modifications required by legislative changes?
3. Can your recordkeeping system separately maintain a split of employee contributions and an employer contribution match, if necessary? Describe your procedures and requirements.
4. Can the system monitor §403(b) limits? Describe.
5. Does the system accommodate federal and state tax calculations (as appropriate)? Can it prepare a report detailing all necessary information regarding direct rollovers?
6. Can you prepare Form 1099s? If not, how do you propose to complete this process?
7. Describe the reports that would be furnished to the State and participants. To what extent can these reports be customized? Provide sample reports, including participant statements.
8. Do you require contribution and employee data to be in a standard format? What disruptions/delays result from special requests/formats?
9. What controls are in place to ensure that the plan is administered according to the individual participating school's Plan provisions?
10. Do you foresee any specific problems incorporating this investment program into your recordkeeping system? If so, describe in detail.

#### **4.3.4 Administration**

1. Which of these administrative services do you provide? Please describe your services in detail, including the hours the service is available, the type of transactions that can be initiated using the service, and the number of plans currently using the service.
  - a) Voice response system
  - b) On-line capabilities
  - c) Live operators
2. "800" Telephone Access/Web Based
  - a) Do you provide an "800" telephone access number to plan participants? If so, how long has the "800" number been operational?
  - b) Does the "800" number utilize a voice response system or a human operator?
  - c) What days/hours is an operator available (Eastern Time)?
  - d) What days/hours is the voice response system available (Eastern Time)?
  - e) How many defined contribution plans use your "800" number voice response and Web capabilities? How many participants does this represent?
  - f) Would the following functions be considered standard or additional add-on features to your telephone access and Web based service?

- (1) Information, e.g., plan provisions
- (2) Investment fund information and performance

Phone		Web	
Standard	Add On	Standard	Add-On

- (3) Account balances
- (4) Current participant information
- (5) Change of address or status
- (6) Reallocation of existing account balances
- (7) Withdrawals/disbursements
- (8) PIN code change
- (9) Beneficiary designation
- (10) Confirmation letter of any change


3. How are personal identification numbers (PINs) handled? What other security measures are taken to ensure proper access to participant information?
4. Provide representative samples of employee aids for using your voice response system (i.e., brochures, maps, or other materials).
5. What controls are in place to ensure that participant transactions are in accordance with the individual school's Plan provisions?
6. Will you accept participant forms to enact changes? If not, in what format do you require that this information be provided?
7. When will participant statements be mailed following each period end date? Provide a sample statement and indicate whether you would customize for the State. Provide your company's statement accuracy percentage, i.e., the percentage of statements that are not mailed on the normal mail date because of an unresolved discrepancy.
8. Describe your procedures for identifying and calculating age 70½ minimum distributions.
9. What participant investment education will be made available to the State? If so, please state any additional cost in the separate cost proposal. Also please provide samples of all employee communications materials you have available.
10. Upon receipt of program contributions, how quickly would monies be allocated to and invested in the investment funds? Provide a timeline of contribution processing and the requirements that you will impose on the State. Provide the same information for participant elections for transfers of funds between available investment options.
11. Check Disbursement Process:
  - a) Describe, including turnaround time, check preparation, cut-off dates, etc.
  - b) Will you accept verbal instructions? If yes, do written instructions need to follow?
12. Briefly describe the plan level reports available for this account, and provide a sample of each.
13. How quickly after the close of the month are reports provided?

14. Describe the trustee services you will provide to the plan. Indicate whether these are full or directed trustee services. In your PRICE PROPOSAL, indicate the cost savings if your company provided directed trustee custodial services instead of full trustee services.

#### **4.3.5 Investment Management Services**

*(supply answers for each investment proposal submitted)*

1. List the funds you propose under either investment line-up #1 or #2, their investment categories and describe why a fund of that type should be offered.
2. For each fund listed in numbers 1 and 2, supply the following information:
  - a. What was the fund's market value at December 31, 2005, 2006 and 2007?
  - b. Are daily valuations and daily transactions (e.g., investment transfers) available through the administrative and recordkeeping services?
  - c. Indicate those individuals who have managed the fund during the last ten years, the month/year that each left the fund, why each left, and a biography of the current manager(s).
  - d. Indicate the expense ratio or fee schedule for the fund, allocating the total fee to investment management, 12(B)1 fee, and all other. Indicate the total revenue sharing receivable by a plan administrator for each fund (in percent).
  - e. Describe any front-end or deferred sales charges associated with the fund. *It is expected that fund share classes offered will be no-load, or if load, the load will be waived.*
  - f. Supply calendar quarter and calendar year time-weighted total rates of return for the five-year period ending December 31, 2007. Supply annualized returns for the following periods: one, three, five and 10 (if available) years ending December 31, 2007. Indicate whether these returns are gross or net of fees.
  - g. Supply peer group rankings based on a comprehensive and appropriate peer group. Include as you are able Lipper rankings, Morningstar ratings, and other third-party-related information. Please rank with respect to both performance and risk for the time periods above.
  - h. Please confirm that the fund is currently open for new investors, and state any size limitations that the fund might have that could close it to new investors in the future.
3. For each equity fund, as well as the equity portfolio of the balanced fund, supply the following information:
  - a. Is the fund generally fully invested at all times, i.e., do equity securities always account for at least 90% of the funds value? If not, please describe how the commitment to cash may vary over a market cycle.
  - b. Please provide the following statistics:



	As of December 31, 2007	Average 2006	Average 2005
P/E Ratio <sup>1</sup>			
P/B Ratio			
Dividend Yield			
Median/Weighted Average Market Cap			

<sup>1</sup> Indicate whether trailing or projected earnings

4. Describe your firm's overall fund offerings:
  - a. Please provide an appendix with all funds that would be available to this 403(b) Investment Program. If applicable, please group by proprietary funds versus external funds.
  - b. Please group or otherwise indicate which funds could be accessed in the 403(b) Program without adjustment to proposed pricing terms, and which funds would require an adjustment.
  - c. Please provide as detailed a description as feasible as to your firm's overall pricing policy for use of the various groupings of funds in response to 5a. and 5b. above.
  - d. Please describe any overall limitations on the:
    - total number of funds that the Program could offer without additional charges
    - any maximum number of outside funds; and
    - any maximum number of no-load funds.
  - e. The State requires that enforcement of frequent trading provisions of mutual funds be administered by the Investment Program administrator and the fund company. Please confirm your ability to perform such enforcement and to monitor fund trading violations.
5. Please describe the ability of the State to make changes in investment options. Include but do not necessarily limit answers to the following questions:
  - a. May the State make changes to the investment options?
  - b. If answer to a., above, is yes, how often may changes be made and is there a fee? Please describe frequency of allowed investment option changes and fees, if any.
  - c. Does the selection of different investment options cause any changes to fees payable to your firm as Plan Administrator? If so, please describe.
  - d. Please describe the scope of the services provided for changes to investment options such as communication to plan participants of new investment options, remapping, timing, etc.
  - e. Will your firm as Plan Administrator take full responsibility for implementation of investment options changes? Will your firm be financially responsible for any errors in implementing changes?
6. Please supply the following information for money market fund:
  1. For each proposed money market fund, provide (net of fees including custodial fees) performance over the past five years.
  2. Has the value of any proposed money market fund share dropped below \$1.00? If yes, please explain.
  3. What are the fund's total assets?

4. What are the total assets under management for all money market funds managed by the proposed fund manager?
5. How long has the manager been in operation?
6. How long has the manager managed money market accounts?
7. Is NAV calculated at \$1.00 daily?      Yes \_\_\_\_\_      No \_\_\_\_\_
8. Is the \$1.00 NAV guaranteed?      Yes \_\_\_\_\_      No \_\_\_\_\_
  - a. If “Yes”, please indicate source of any insurance: \_\_\_\_\_
9. Current permitted portfolio mix (as of \_\_\_\_\_):

	Permitted (Y/N):	Percentage Limits:
U.S. Treasury Bills	_____	_____
U.S. Government Agencies	_____	_____
Commercial Paper-Rated A1/P1	_____	_____
Commercial Paper-Rated A2/P2	_____	_____
Asset-backed Commercial Paper	_____	_____
Negotiable CDs	_____	_____
Variable Rate Demand Notes	_____	_____
Bankers Acceptance-Domestic	_____	_____
Bankers Acceptance-Foreign	_____	_____
Yankee/Euro/Time Deposits	_____	_____
Repo-U.S. Treasury Collateralized	_____	_____
Repo-Other (define)	_____	_____
Structured Investment Vehicles	_____	_____
Other (define)	_____	_____

10. Operational Guidelines – Proprietary and Non-Proprietary Funds. Please define the following based on your proposed fund investment options:
  - a. Timing and procedures for posting and implementing fund prices.
  - b. Timing and procedures for confirmation of trading activity.
  - c. Wire transfers between your company and funds for purchases and redemptions.
  - d. Prospectus delivery – online versus print copies.
  - e. Proxy transmission to plan participants. Confirm at no cost to State or participant.
  - f. Other communications describing funds. Describe content, online versus print copies, compliance issues, etc.
11. From time to time the State may require assistance in assessing alternative funds in current or new asset classes. Describe your firm’s capabilities relating to fund analytics including:
  - a. Performance and risk analytics
  - b. Analysis and due diligence on fund managers – firm and individuals
  - c. Use of internal and third party analytical resources
  - d. Ability to present fund analytics to State committees and Treasury Staff

- e. Level of objectivity of fund analytics – can you survey, analyze and produce reports that include virtually all mutual funds with \$100 million or more assets under management and provide comprehensive peer group comparisons?]
- 12. Please describe any restrictions on participant exchanges between funds in both your primary and alternate fund options lineups. Include any fees, time restrictions, absolute restrictions, etc.
- 13. Please state and describe the entity that will be custodian for plan assets. Please state which functions are performed by the custodian versus your firm as plan administrator relating to:
  - b. Reporting and record keeping
  - c. Reconciliation of contributions and withdrawals
  - d. Daily portfolio pricing and accounting
  - e. Fund manager reconciliations
  - f. Performance analytics.

#### **4.3.6 Plan Transition Out**

In the event of any termination of your firm's services as investment provider, the State expects that an orderly transition will occur to a succeeding service provider. With regards to such transition-out:

- a. Please describe your overall commitment to perform a transition of plan assets and administrator information to a new vendor in the event that the State elects to terminate its contract with your firm and engage a new administrator. Please advise of fees, if any, for a transition following a decision by the State to terminate services.
- b. What steps does your firm take to insure the timeliness and accuracy of a deferred compensation program transition? In the event of a transition that does not occur according to an agreed upon plan, will your firm take responsibility for any and all economic losses to participants and sponsor?
- c. Please describe your transition-out plan for participant records, plan level administrative records, contributions and redemptions capabilities, etc. Provide estimates for the length of time for the transition and for man hours required from the State. Provide a draft transition plan.

#### **4.4 Bidder's Proposal PART IV – References**

The bidder shall provide a minimum of three (3) client references of plans similar to those described in this RFP, to which you have acted as the plan administrator or plan administrator plus investment options provider. Fully describe the circumstances of your engagement and include the following:

- a) Company name
- b) Contact name and title
- c) Telephone number
- d) Number of participants
- e) Length of relationship

#### **4.5 Bidder's Proposal Part V– Cost**

The cost of providing the services requested herein may be covered by revenue sharing and 12(b)1 fees, per participant fees, percentage of participant asset fees, or a combination of these fee bases. As discussed above, all fees must be fully disclosed to the State and to Investment Program participants in a fully transparent manner.

Using *Attachment C-Cost Matrix* as a format, indicate for each proposed fund and share the fees in percentage terms. For your cost proposal, indicate any per participant fees or percentage of participant asset fees, and whether fund fees shared by the mutual fund companies will be retained by your firm or will be remitted to the State's 403(b) investment program. You may provide more than one cost proposal for each set of mutual funds proposed with a maximum of two mutual fund sets.

**Additional Fees:**

Please provide a fee quote for any services, if any, that would not be covered in the fees proposed in part 1 above. Please state as flat fees or hourly rates. Flat fees and/or hourly rates must be all inclusive of all administrative, travel, labor and incidental costs.

Service _____	\$ _____
Service _____	\$ _____
Service _____	\$ _____

**Additional Information:**

Please provide any additional information that may assist us in more clearly understanding your proposed fee. This might include any combination of discounts for award by more than one board.

**NOTE:** This part of the proposal must be bound separately and sealed in an envelope separate from the technical proposal and be labeled "Cost Proposal." Cost information is NOT to be provided in any other part of the bidder's proposal.

## 5. BIDDER EVALUATION AND SELECTION CRITERIA

### 5.1 Bidder Evaluation

The Office of the State Treasurer will conduct a fair and impartial evaluation of the proposals received in response to this RFP.

Fees and compensation will be an important factor in the evaluation of responses. However, the Office of the State Treasurer is not required to select the low-cost bidder, but may select the bid that demonstrates the “best value” overall, including proposed alternatives, and that meets the objectives of this RFP. The Office of the State Treasurer reserves the right to negotiate a change in any element of contract performance or cost identified in the RFP.

The factors to be used by the Treasurer’s Office in evaluating the proposals will include, but are not limited to, the following:

Evaluation of Proposals	
<b>A. RFP Understanding</b>	
Approach	
Clarity	
Creativity of proposal	
Responsiveness to Scope of Services and ability to provide requested services	
<b>B. General Experience and Qualifications of Firm</b>	
Experience	
Assigned personnel	
Any other resources assigned to State	
<b>C. Cost</b>	

The Office of the State Treasurer reserves the right to seek clarification of any proposal submitted, request oral presentations and to select the proposal considered to best promote the public interest.

The State of Vermont is conscious of and concerned about collusion. It should therefore be understood by all that in signing the bid and contract documents they agree that the prices quoted have been arrived at without collusion and that no prior information concerning these prices has been received from or given to a competitive company.

**Note: Cost proposals will be opened and reviewed only for those bids that meet the established minimum technical thresholds.**

Bidders who submit proposals may be required to make oral presentations of their proposals to the State. These presentations provide an opportunity for the bidders to clarify the proposals through mutual understanding. The State may also request an on-site visit of your company’s customer service and recordkeeping location that you propose to service the Program. The state will schedule these presentations and visits, if required.

## ATTACHMENT A – STANDARD CONTRACT PROVISIONS

### STATE OF VERMONT STANDARD CONTRACT FOR PERSONAL SERVICES

1. Parties: This is a contract for services between the State of Vermont, \_\_\_\_\_(hereafter called “State”), and \_\_\_\_\_, with principal place of business in \_\_\_\_\_ (hereafter called “Contractor”). Contractor’s form of business organization is \_\_\_\_\_. Contractor’s Vermont Department of Taxes Business Account Number is: #\_\_\_\_\_. If Contractor does not have a Business Account Number, it is the Contractor’s responsibility to contact the Vermont Department of Taxes to determine if, by law, the Contractor is required to have a Vermont Department of Taxes Business Account Number.
2. Subject Matter: The subject matter of this contract is services generally on the subject of \_\_\_\_\_. Detailed services to be provided by the Contractor are described in Attachment A.
3. Maximum Amount: In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in Attachment B, a sum not to exceed \$\_\_\_\_\_.00.
4. Contract Term: The period of Contractor’s performance shall begin on \_\_\_\_\_, 20\_\_ and end on \_\_\_\_\_, 20\_\_.
5. Prior Approvals: If approval by the Attorney General’s Office or the Secretary of Administration is required, (under current law, bulletins, and interpretations), neither this contract nor any amendment to it is binding until it has been approved by either or both such persons.
  - Approval by the Attorney General’s Office is/is not required.
  - Approval by the Secretary of Administration is/is not required.
  - Approval by the CIO/Commissioner DII is/is not required.
6. Amendment: No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, numbered and signed by the duly authorized representative of the State and Contractor.
7. Cancellation: This contract may be canceled by either party by giving written notice at least \_\_ days in advance.
8. Attachments: This contract consists of \_\_ pages including the following attachments, which are incorporated herein:

Attachment A – Specifications of services to be performed

Attachment B – Payment Provisions

Attachment C –“Standard State Contract Provisions,” a preprinted form (revision date 10/06),

Attachment D – Other Provisions.

WE, THE UNDERSIGNED PARTIES, AGREE TO BE BOUND BY THIS CONTRACT.

by the **STATE OF VERMONT:**

by the **CONTRACTOR:**

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Agency: \_\_\_\_\_

\*\*\*\*\*

**STATE OF VERMONT  
CONTRACT FOR PERSONAL SERVICES**

**ATTACHMENT A  
SPECIFICATIONS OF WORK TO BE PERFORMED**

**(To be inserted by the State)**

Notices: All notices required by this contract shall be directed to:

if for the State:

David Minot  
Director of Finance and Investments  
Office of the State Treasurer  
109 State Street  
Montpelier, VT 05609-6200  
Phone: 802-828-5197  
Fax: 802-828-2772  
e-mail: [david.minot@state.vt.us](mailto:david.minot@state.vt.us)

Donna Holden  
Contract Administrator  
Office of the State Treasurer  
109 State Street  
Montpelier, VT 05609-6200  
Phone: 802-828-3708  
Fax: 802-828-2772  
E-mail: [donna.holden@state.vt.us](mailto:donna.holden@state.vt.us)

and if for the Contractor:

\*\*\*\*\*

**STATE OF VERMONT  
CONTRACT FOR PERSONAL SERVICES**

**ATTACHMENT B  
PAYMENT PROVISIONS**

**(Attachment B to be inserted by the State)**

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STATE OF VERMONT  
CONTRACT FOR PERSONAL SERVICES

ATTACHMENT C  
CUSTOMARY STATE CONTRACT PROVISIONS

1. **Entire Agreement:** This contract represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. **Applicable Law:** This contract will be governed by the laws of the State of Vermont.
3. **Appropriations:** If this contract extends into more than one fiscal year of the State (July 1 to June 30) and if appropriations are insufficient to support this contract, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriations authority.
4. **No Employee Benefits for the Contractor:** The Contractor understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation and sick leave, workers' compensation, or other benefits or services available to State employees, nor will the State withhold any State or Federal taxes. The Contractor understands that all tax returns required by the Internal Revenue Code and the State of Vermont including, but not limited to, income, withholding, sales and use, and rooms and meals must be filed by the Contractor, and information as to contract income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
5. **Independence, Liability:** The Contractor will act in an independent capacity and not as officers or employees of the State. The Contractor shall indemnify, defend, and hold harmless the State and its officers and employees from liability and any claims, suits, judgments, and damages arising as a result of the Contractor's acts and/or omissions in the performance of this contract.
6. **Insurance:** Before commencing work on this contract, the Contractor must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Contractor to maintain current certificates of insurance on file with the State through the term of the contract.

Workers' Compensation: With respect to all operations performed, the Contractor shall carry workers' compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the contract, the Contractor shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations  
Independent Contractor's Protective  
Products and Completed Operations  
Personal Injury Liability  
Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 Per Occurrence  
\$1,000,000 General Aggregate



\$1,000,000 Products/Completed Products Aggregate

\$50,000 Fire/Legal Liability

Errors and Omissions: \$5,000,000.00 per occurrence. \* Subject to higher available maximums.

Automotive Liability: The Contractor shall carry automotive liability insurance covering all motor vehicles, no matter the ownership status, used in connection with the contract. Limits of coverage shall not be less than \$1,000,000 Combined Single Limit.

No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Contractor for the Contractor's operations. These are solely minimums that have been set to protect the interests of the State.

**7. Reliance by the State on Representations:** All payments by the State under this contract will be made in reliance upon the accuracy of all prior written representations by the Contractor, including but not limited to bills, invoices, progress reports and other proofs of work.

**8. Records Available for Audit:** The Contractor will maintain all books, documents, payrolls, papers, accounting records, and other evidence pertaining to costs incurred under this agreement, and make them available at reasonable times during the period of this contract and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this contract.

**9. Fair Employment Practices and Americans with Disabilities Act:** The Contractor agrees to comply with the requirements of 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Contractor shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Contractor under this contract. Contractor further agrees to include this provision in all subcontracts.

**10. Set Off:** The State may set off any sums which the Contractor owes the State against any sums due the Contractor under this contract, provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.

**11. Taxes Due to the State:**

a. Contractor understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.

b. Contractor certifies under the pains and penalties of perjury that, as of the date the contract is signed, the Contractor is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.

c. Contractor understands that final payment under this contract may be withheld if the Commissioner of Taxes determines that the Contractor is not in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due to the State of Vermont.

d. Contractor also understands the State may set off taxes (and related penalties, interest, and fees) due to the State of Vermont, but only if the Contractor has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Contractor has no further legal recourse to contest the amounts due.

12. **Child Support:** (Applicable if the Contractor is a natural person, not a corporation or partnership.) Contractor states that, as of the date the contract is signed, he/she:

- a. is not under any obligation to pay child support; or
- b. is under such an obligation and is in good standing with respect to that obligation; or
- c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Contractor makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Contractor is a resident of Vermont, Contractor makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

13. **Subcontractors:** Contractor shall not assign or subcontract the performance of this agreement or any portion thereof to any other contractor without prior written approval of the State. Contractor also agrees to include in all subcontract agreements a tax certification in accordance with Paragraph 11 above.

14. **No Gifts or Gratuities:** Contractor shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this contract.

15. **Copies:** All written reports will be printed using both sides of the paper.

16. Notwithstanding any other provision in this contract, the parties understand that this contract is a public record.

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**STATE OF VERMONT  
CONTRACT FOR PERSONAL SERVICES**

**ATTACHMENT D  
STANDARDS OF CONDUCT**

**REGULATION 2001-01: STANDARDS OF CONDUCT**

**STATE TEACHERS' RETIREMENT SYSTEM OF VERMONT  
VERMONT STATE RETIREMENT SYSTEM  
VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

**§1. STATEMENT OF PURPOSE**

A. The Boards of Trustees of the State Teachers' Retirement System of Vermont, the Vermont State Retirement System, and the Vermont Municipal Employees' Retirement System are entrusted with the investment of public pension funds of the retirement Systems and are obligated to safeguard the funds for the benefit of members and beneficiaries. The Trustees are obligated to administer the Systems efficiently and effectively in the interests of the plans' members and beneficiaries so as to avoid waste,

mismanagement, abuse, and misuse of influence. The Trustees of these public pension Systems have a duty to administer and provide benefits in a responsible manner without causing an undue burden on their members or Vermont taxpayers.

B. Trustees and employees of the Boards must maintain high ethical and moral standards both professionally and personally in order to maintain and promote public confidence in the integrity of the decisions of the Boards of Trustees relating to administration of the plans and investment of the Systems' assets. The ability to carry out these responsibilities may be impaired whenever a real or apparent conflict of interest exists between the private interest of a Trustee or Board employee and his or her official responsibilities.

C. In recognition and consideration of their responsibilities and obligations as Trustees and to further the goal of protection of the Systems' members, beneficiaries, Trustees and employees from the damage that could result from real or apparent conflicts of interest, the following Standards of Conduct are hereby adopted to assist and guide Trustees and Board employees in the exercise of professional and moral judgment.

D. This regulation is intended to implement the standards of conduct provisions of 3 V.S.A. §472(d); 16 V.S.A. §1943(d); and 24 V.S.A. §5063(e).

## **§2. AUTHORITY**

This regulation is adopted pursuant to 3 V.S.A. §471(d) and §472(d); 16 V.S.A. §1942(f) and §1943(d); and 24 V.S.A. §5062(d).

## **§3. APPLICABILITY**

A. These standards of conduct shall apply to the Trustees of the State Teachers' Retirement System of Vermont, the Vermont State Retirement System, and the Vermont Municipal Employees' Retirement System.

B. These standards shall apply to employees of the Boards of Trustees.

C. These Standards of Conduct are intended to supplement, and not to replace, other state and federal laws. Where this code is less restrictive than another law, executive order, or regulation that applies to the conduct and activities of Trustees and employees of the Boards, such other stricter terms shall apply. Where this code is more restrictive than any other applicable law, executive order or regulation, the stricter standards of this code shall apply.

## **§4. DEFINITIONS**

For the purposes of these standards of conduct, the following words have the following meanings:

A. "Benefit" means any gain, favor, profit, reward, value, accommodation or other advantage, including a benefit to any other person in whose welfare the beneficiary is interested.

B. "Conflict of Interest" means any personal or financial interest of a Trustee, or such an interest, known to the Trustee, of a member of his or her immediate family, household member, or business associate in the outcome of any particular matter pending before the Board. A conflict of interest includes, but is not limited to, those defined in subsection 5.

C. "Employee of the Boards" means a person employed by a Board or Boards of Trustees. Employees of the Vermont State Treasurer's Office shall not be considered employees of the Boards.

D. "Gift" means any form of compensation or anything of value, tangible or intangible, and includes, but is not limited to, meals, alcoholic beverages, travel fare, room and board, gratuities, entertainment, cash, goods or services.

E. "Interest" means any personal or financial interest except an interest that is incidental to the person's membership in the System or participation in a plan administered by the System that is no greater than that of other persons generally affected by the outcome of the matter.

F. "Potential Vendor" means any Vendor that has bid on a System contract and any Vendor that is in the business of providing goods or services of the type routinely purchased by the System, whether or not it has bid on a System contract, including but not limited to administrative, investment, financial, banking, and consulting services.

G. "Systems" means the State Teachers' Retirement System of Vermont, the Vermont State Retirement System, and the Vermont Municipal Employees' Retirement System.

H. "Trustee" means any person who serves as a Trustee or any person who serves as the designee of an ex-officio Trustee or as an alternate to a Trustee of any of the Systems.

I. "Vendor" means a natural person, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization, a limited liability company, or a limited liability partnership that performs services for the Systems for direct or indirect compensation. The term includes affiliated entities and trade organizations.

## **§5. PROHIBITED CONDUCT: CONFLICTS OF INTEREST**

The following conduct by a Trustee or an employee of the Boards creates either an actual or potential conflict of interest or the appearance of a conflict of interest and is prohibited:

A. Solicitation or acceptance of a gift or benefit from any Vendor or potential Vendor except in accordance with Section 9(A).

B. Solicitation or acceptance of a gift or benefit from any person or entity with a personal or financial interest in the outcome of a particular matter pending before the Board.

C. The purchase, sale, exchange, or lease of property to or from the System which he or she serves.

D. Acting upon or providing to any person any information relating to the investment of the System's assets prior to that information becoming public record.

E. Acceptance of a fee, gift or other benefit for providing information relating to the System and its assets, obtained as a Trustee or employee of the Boards, whether insider or otherwise, to any other person.

F. Participation in any breach of fiduciary duty by another person subject to this code, participation in concealing such breach, or knowingly or negligently permitting such breach to occur.

G. Participation in a violation of these Standards of Conduct by another person subject to this code, participation in concealing such violation, or knowingly or negligently permitting such violation to occur.

H. Acceptance of money, gifts or benefits in connection with any campaign for public office from any Vendor or potential Vendor of the System which the Trustee or employee serves.

I. Any direct interest in the gains or profits of any investment made by the Board.

J. Direct or indirect use of the gains or profits of any investments made by the Board, for himself or as an agent, for any purpose except to make current and necessary payments as are authorized by the Board.

K. Becoming an endorser or surety, or in any manner an obligor, for money loaned to or borrowed from the Board.

#### **§6. Disclosure**

A. A Trustee shall disclose to the Board for the System which he or she serves all actual or potential conflicts of interest and appearances of a conflict of interest as soon as such actual or potential conflict or appearance of a conflict becomes known.

B. Employees of a Board shall disclose all actual and potential conflicts of interest and appearances of a conflict of interest to the Board as soon as such actual or potential conflict or appearance of a conflict becomes known.

#### **§7. Recusal**

No Trustee shall knowingly participate in a decision or action by the Board in which he or she has an actual or potential conflict of interest.

#### **§8. TRAVEL, CONFERENCES AND MEETINGS**

A. The reasonable and necessary expenses of travel, lodging, meals, and incidentals for a Trustee or employee of a Board traveling on behalf of a Board, or in his or her capacity as a Trustee or employee, or because of his or her position as a Trustee or employee, shall be paid by the System if approved prior to the travel by the Board which the Trustee or employee serves. The agenda, written materials pertaining to the event, when available, an estimate of the cost of the trip and the names of all sponsors of the event to be attended shall be provided to the Board at the time approval is requested. If approval is granted, the Trustee or employee shall report to the Board, at the next scheduled meeting that he or she attends, on the content of the event and whether a Vendor or potential Vendor attempted to pay any expenses of the Trustee or employee or sponsored any function or event in which the Trustee or employee participated.

B. All expenses related to the travel of a spouse, family or household member, or other invitee of a Trustee, shall be paid by the Trustee or invitee.

C. Nothing in this policy is intended to limit or restrict travel to, and attendance at, an event by a Trustee or employee when attendance is in a capacity other than as a Trustee or employee and is related to his or her employment, position, membership or affiliation with another organization or entity. When traveling in a capacity other than as Trustee, a Trustee or employee shall not solicit or receive any gift including meals, alcoholic beverages, travel fare, room and board, or any other thing of value from a Vendor or potential Vendor of services to the System except in accordance with Section 9(A).

#### **§9. GIFTS AND GRATUITIES**

A. All Trustees and Employees of the Boards shall refuse to accept any gift that is received from or offered by a Vendor or potential Vendor except for the following:

1. Items or products of de minimis value of \$10.00 or less;
2. Items or products donated by a Vendor or potential Vendor and awarded at a conference attended by a Trustee as long as they are offered to participants on a random basis through a drawing, raffle or game of chance and have a value of \$100.00 or less. Any item accepted under this provision with a value of greater than \$25.00 shall be reported by the Trustee pursuant to section 9(B).
3. Food or refreshment offered during a conference that appears on the conference agenda, is an integral part of the conference agenda and is offered to all in attendance at the conference and taken in a group setting.

B. A Trustee or Employee of the Boards who receives any item or product from a Vendor or potential Vendor of more than de minimis value shall report the following to the State Treasurer's Office: a description of the product, the date of receipt, the identity of the sender or donor, the item's approximate value, and the disposition of the item by the Trustee or employee. If the item is not perishable, the item shall be promptly returned to the sender. All perishable items shall be donated to a suitable charity or placed in a publicly accessible area for general enjoyment.

C. The State Treasurer's Office shall record the information specified in section 9(B) for public inspection.

#### **§10. INITIATION OR CONTINUATION OF CONTRACTUAL RELATIONSHIP**

A. From the time a Board of Trustees has decided to obtain bids or proposals for goods or services, or from the time a Board has under consideration the decision to renew an existing contract, and until a final contract is approved:

1. No Trustee shall have any direct or indirect communication about the bid or proposal with any Vendor or potential Vendor seeking such new or continued contractual relationship with the System except at an open meeting of the Board or an authorized subcommittee of the Board.
2. An Employee of the Board shall limit his or her direct or indirect communication about the bid or proposal with any Vendor or potential Vendor during this time period to that necessary for administration of existing contracts or in connection with administration of the bid or proposal process. All communications shall be documented by the Employee and maintained as a record of the Office of the State Treasurer.
3. A Trustee who receives any direct or indirect communication outside of a meeting of the Board or an authorized subcommittee of the Board with any Vendor or potential Vendor seeking a new or continued contractual relationship with the System shall notify the Board of the communication prior to the Board's final approval of a contract.

B. A Board of Trustees shall require that all Vendors or potential Vendors seeking a new or continued contractual relationship with the System give written disclosure to the Board of all communications or contacts with any Trustees or Employee in the preceding year and any expenditures relating to those communications or contacts. Disclosure will be required before final interviews by the Board or, if there are no final interviews, before approval of a final contract.

C. A Board of Trustees may disqualify a Vendor or potential Vendor from ongoing business or potential business for any communication contrary to the provisions of this section, for attempting to pay any expenses of a Trustee or employee contrary to section 8(A), or for any other conduct having the potential to create a conflict of interest or to cause a breach of fiduciary duty.

D. This regulation shall be included as an attachment to all requests for proposals, bidding documents and contracts of the Boards. The Boards shall require all consultants who conduct manager searches or other vendor searches on behalf of the Boards to provide a copy of this policy to all vendors or potential vendors during the search process.

**§11. Sanctions**

A. A Board of Trustees may take such actions it deems appropriate if a Trustee of the Board fails to comply with the provisions of this rule including, but not limited to:

1. A recommendation that a Trustee refrain from participation and voting in a matter or matters pending before the Board.
2. A recommendation that a Trustee repay or return any gift or benefit received by a Trustee from a Vendor or potential Vendor.
3. A recommendation that a Trustee refrain from particular actions that the Board determines constitute an actual or potential conflict and are detrimental to public confidence in the system's integrity.

B. A Board of Trustees may take appropriate disciplinary action, up to and including dismissal, if an Employee of the Board fails to comply with the provisions of this rule.

*Effective Date: July 18, 2001*

## ATTACHMENT B – COST MATRIX

### Plan Administration/Investments Cost Matrix – State of Vermont 403(b) Investment Program

       Indexed/Life Style Funds Line-up  
       Alternative Fund Line-up

Please provide direct and indirect costs of plan administration and investments based on the following matrix:

<u>Fund &amp; Share Class</u>	<u>Fund Management Fees %</u>	<u>Fund 12(b)1-fees%</u>	<u>Fund Other Fees</u>	<u>Total Fund Fees%</u>	<u>Revenue Sharing %</u>
---------------------------------------	---------------------------------------	------------------------------	--------------------------------	-----------------------------	------------------------------

Fund A

Fund B

Fund C etc.

Indicate per participant fees if any: \$\_\_\_\_\_

Indicate participant percentage of assets fees, if any: \_\_\_\_\_%

*End RFP*